

TO: MSHDA

FROM: David Layne, Medicaid Housing Specialist, Michigan's Nursing Facility Transition Program.

RE: Michigan's Housing Plan QAP (Qualified Allocation Plan)

Date: October 26, 2017

I have heard it said, "The Elderly Tsunami is coming!" The baby boomers will double our elderly population. Nearly half of our elderly are disabled too. The cost of assisted living keeps rising. Retirement pay savings has been disappearing. Moreover, no new HUD 202 elderly subsidized developments have been appropriated by congress lately (only renewals). This all adds up to one big HOUSING mess if we are not proactive in the years to come

Michigan can be proud of the presence of some subsidized assisted living. Heron Manor in Grand Rapids, American House Affordable Assisted Living Pilot (AAL) in Oakland & Macomb Counties, and Rivertown in Detroit. All of these have some subsidies making assisted living units affordable for those whose monthly incomes tend to be \$700-1300, and could not afford them any other way.

However, Michigan must look itself in the mirror, and ask, what we want to tell our seniors going forward that we did to provide for their affordable housing needs as they aged. We are talking about our mothers, our fathers, and our sisters and our brothers. \$2500 and more per month for assisted living apartments (where there is on site care available) is NOT going to successfully house our lower income residents.

We are in a position, through this QAP, to insure we have a clear conscience going forward. Let us commit to having an affordable assisted living development, with appropriate targeted subsidies, in the works at all times. What does that mean? Finding a developer, finding a site, applying for tax credits, building and starting to occupy takes several years. Nevertheless, let us commit to a continuous effort to meeting the needs of this portion of our population, by always having something in the works.

I had the privilege earlier this year to be included by the Michigan Coalition Against Homelessness (MCAH) in a roundtable discussion with staff from both US Senators, and some of our finest Service agencies. I have attached the supporting data I distributed that day showing just how precarious the Housing situation is for our elderly and disabled populations.

We can continue to do something about this together.

Priced Out in 2014 is a study of the severe housing affordability problems experienced by people with disabilities. Priced Out calculates the difference between what an individual receiving Supplemental Security Income (SSI) can reasonably afford to pay for housing costs and the average cost of modest housing units. *Priced Out in 2014* confirms those living on SSI confront an enormous housing affordability gap across the entire nation. Many elderly applicants to Michigan's Nursing Facility Transition Program are on SSI.

State: Michigan

Number SSI Recipients: 191,756

SSI Monthly Payment: \$735

SSI as % Median Income: 20.9%

% of SSI income it takes for a 1-Bedroom apartment cost: 83% of monthly check

% SSI for Efficiency Apt.: 68%

<http://www.tacinc.org/knowledge-resources/priced-out-findings/>

TAC's core mission focuses at the intersection of affordable housing, health care, and human services policy and systems development.

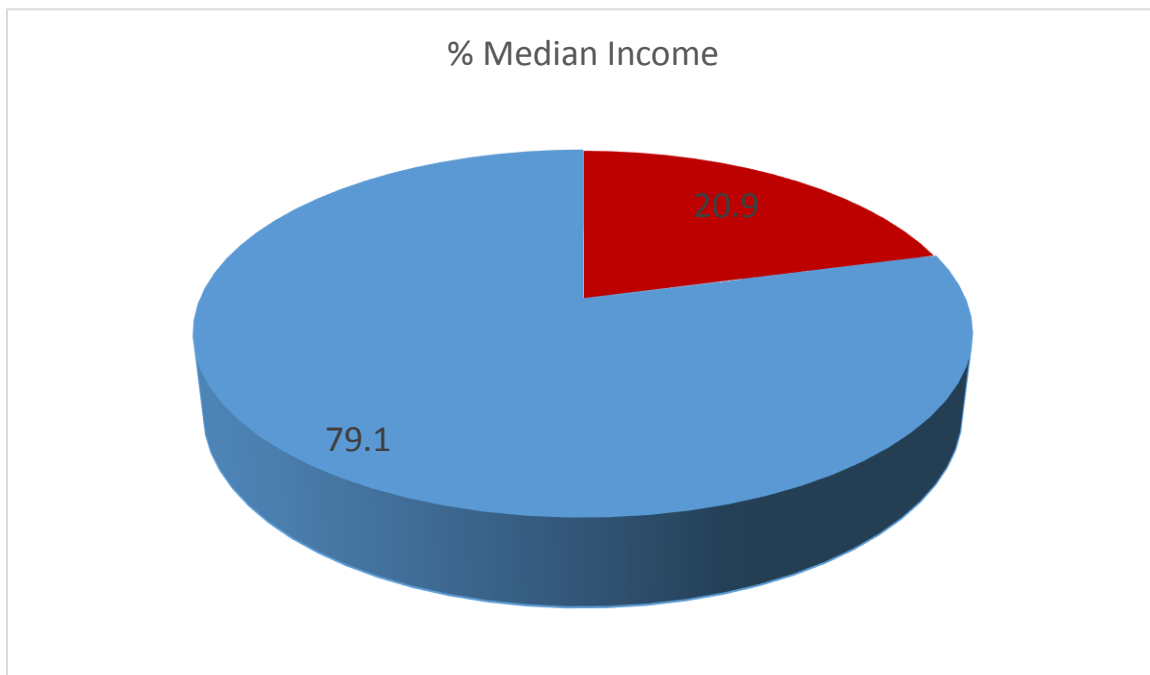


Figure 1

People on SSI only have 20.9 cents on the dollar that the rest of us have to spend (average incomes)

The Gap: A Shortage of Affordable Homes highlights the critical housing needs of the nation's lowest income households. More than 11.4 million extremely low-income (ELI) renter households in the U.S, whose income is no greater than 30% of their area median income (AMI) or the poverty guideline, face a shortage of 7.4 million affordable and available rental homes. **Nationally, only 35 affordable homes are available for every 100 ELI renter households. A shortage exists in every state and major metropolitan area.** *Seventy-one percent of ELI renter households are severely cost-burdened, spending more than half of their income on rent and utilities.*

<http://nlihc.org/research/gap-report>

The National Low Income Housing Coalition is dedicated solely to achieving socially just public policy that assures people with the lowest incomes in the United States have affordable and decent homes.

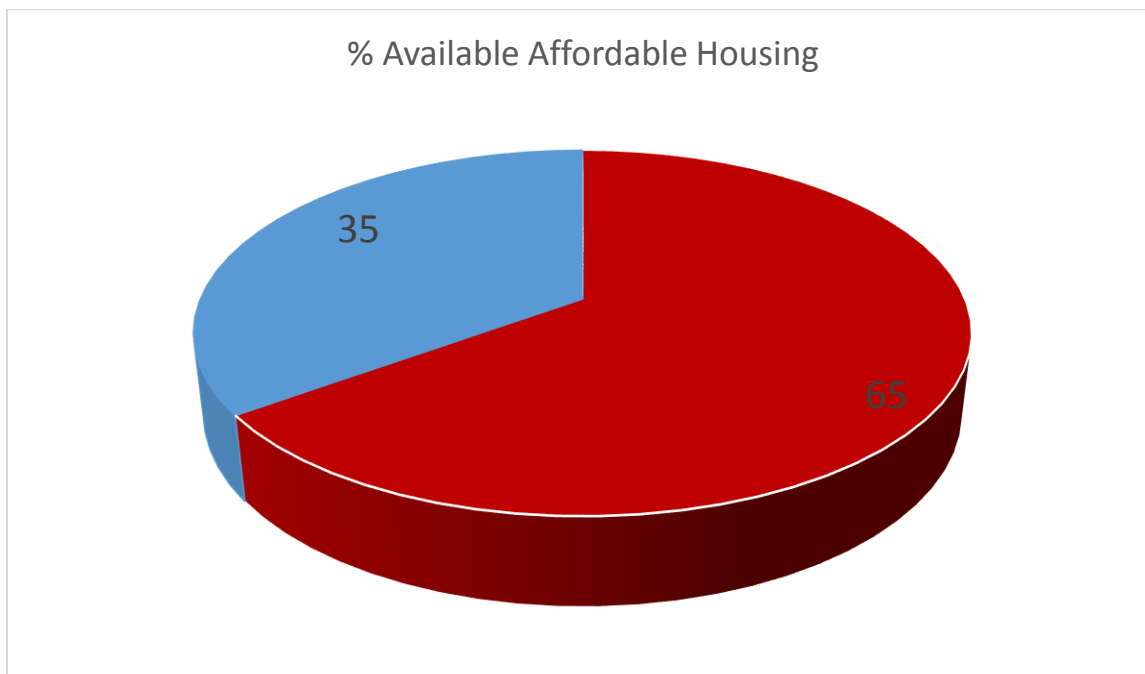


Figure 2 We only have 35 of every 100 homes needed for extremely low income people

TUESDAY, MAY 06, 2014

Fueled by Aging Baby Boomers, Nation's Older Population to Nearly Double in the Next 20 Years, Census Bureau Reports

<https://www.census.gov/newsroom/press-releases/2014/cb14-84.html>

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Housing Affordability As the single largest expenditure in most household budgets, housing costs directly affect financial security. Today, a third of adults aged 50 and over—including 37 percent of those aged 80 and over—*pay more than 30 percent of income for housing that may or may not fit their needs*. Among those aged 65 and over, about half of all renters and owners still paying off mortgages are similarly housing cost burdened. ****Moreover, 30 percent of renters and 23 percent of owners with mortgages are severely burdened (paying more than 50 percent of income on housing).**

JOINT CENTER FOR HOUSING STUDIES OF HARVARD UNIVERSITY pg. 3

http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs-housing_americas_older_adults_2014.pdf

"HOUSING AMERICA'S OLDER ADULTS MEETING THE NEEDS OF AN AGING POPULATION"

Joint Center for Housing Studies of Harvard University

Housing America's OLDER ADULTS

Data from a new report released by the Harvard Joint Center for Housing Studies
with support from the AARP Foundation

AMERICA IS AGING



By 2030, the U.S. population aged 50 or over will increase to 132 million. In this time, the number of adults aged 65-74 will nearly double from 21.7 million in 2010 to 38.6 million in 2030.

1 in 5

people will be
65 and over
in 2030.

1 in 8

people will be
75 and over
in 2040.



In 2012, one third of adults aged 50 and over (nearly 20 million households) paid more than 30% of their income for housing, including nearly 9.6 million who paid more than 50% of their income for housing.

THE HIGH COST OF HOUSING



Owner:
6-9 Years

The typical homeowner over 65 can afford in-home assistance for nearly 9 years or 6.5 years of assisted living.



Renter:
2 Months

The typical renter over 65, however, can only afford 2 months of these supports.

THE HOUSING ASSISTANCE GAP



3.9 million

The number of low-income older renters eligible for housing assistance in 2011.

VS.

1.4 million

Due to a supply gap, the number of low-income older renters who actually received housing assistance in 2011.

HIGH HOUSING COSTS FORCE LOW-INCOME OLDER ADULTS TO CUT BACK ON OTHER THINGS



FOOD

Households spending more than half their income on housing spend over 40% less on food than those living in housing they can afford.



HEALTH CARE

Severely cost-burdened households aged 50-64 spend 70% less on health care than those living in housing they can afford.



SAVINGS

Those aged 50-64 who spend more than half their income on housing spend over 70% less on retirement savings.



61% of older adults limit their driving to certain hours of the day, and 21% say they frequently or occasionally miss out on activities they like to do, because of driving limitations.

www.jchs.harvard.edu

www.aarpfoundation.org

****Rent Subsidies are necessary for BOTH elderly & disabled**

FY 2017 Detroit-Warren-Livonia, MI HUD Metro Area FMRs

Efficiency= \$578 One Bedroom= \$701 (FMR= Fair Market Rent)

**** 3X rent to Qualify for a rental apartment*

X3 = \$1734 Efficiency (income needed to qualify)

X3 = \$2103 One Bedroom (income needed to qualify)

https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2017_code/2017summary.odn?cbsasub=METRO19820M19820&year=2017&fmrtype=Final

Estimated Average Monthly Social Security Benefits Payable in January 2017:

All Retired Workers: \$1360

All Disabled Workers: \$1171

SSI: \$735

<https://www.ssa.gov/news/press/factsheets/colafacts2017.pdf>



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